

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

) CASE NO: 22-60043-cml
)
FREE SPEECH SYSTEMS, LLC,) Houston, Texas
)
) Monday, August 29, 2022
Debtor.)
) 1:00 P.M. to 1:34 P.M.
)
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MOTIONS HEARING

BEFORE THE HONORABLE CHRISTOPHER M. LOPEZ
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES:

For Free Speech Systems, KYUNG SHIK LEE
LLC: Kyung S. Lee, PLLC
4723 Oakshire Drive, Apt. B
Houston, TX 77027

RAYMOND WILLIAM BATTAGLIA
Law Offices of Ray Battaglia, PLLC
66 Granburg Circle
San Antonio, TX 78218

For Veronique De La
Rosa, et al.: AVI MOSHENBERG
McDowell Hetherington, LLP
1001 Fannin, Suite 2700
Houston, TX 770

For David Wheeler,
et al.: RANDY W. WILLIAMS
Byman & Associates, PLLC
7924 Broadway, Suite 104
Pearland, TX 77581

For the U.S. Trustee: HA MINH NGUYEN
Office of the United States Trustee
515 Rusk Street, Suite 3516
Houston, TX 77002

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For Connecticut
Plaintiffs:

ALINOR STERLING
Koskoff Koskoff and Bieder
350 Orange Street
New Haven, CT 06511

For PQPR:

STEPHEN LEMMON
Streusand Landon Ozburn and Lemmon
1801 S Mopac Expressway, Suite 320
Austin, TX 78746

For the SubChapter V
Trustee:

MELISSA ANNE HASELDEN
Haselden Farrow, PLLC
Pennzoil Place
700 Milam, Suite 1300
Houston, TX 77002

Court Reporter:

ZILDE MARTINEZ

Courtroom Deputy:

ZILDE MARTINEZ

Transcribed by:

Veritext Legal Solutions
330 Old Country Road, Suite 300
Mineola, NY 11501
Tel: 800-727-6396

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1 HOUSTON, TEXAS; MONDAY, AUGUST 29, 2022; 1:00 P.M.

2 (Call to Order)

3 THE COURT: Okay. Good afternoon everyone, this
4 is Judge Lopez. Today is August 29th. I'm going to call
5 the 1:00 p.m. case, Free Speech Systems, LLC here on Motion
6 for Relief from Stay and two emergency applications to
7 employ special counsel. Folks, I would remind everyone
8 who's listening that the line is completely unmuted, so I'd
9 ask that everyone please take a look at your phone and put
10 it on mute. I'm going to try to conduct this hearing that
11 way. If I hear too much back noise, I will hit 5 star,
12 which will mute everyone's lines, but let's see how that
13 goes today. So let me take appearances first and I'll start
14 in the courtroom.

15 MR. LEE: Good afternoon, Your Honor. Kyung Lee,
16 L-E-E, for the Debtor, with Shannon and Lee LLP. At
17 counsel's table, I have R.J. Shannon, my partner, as well as
18 Mr. Brock Schultz, who's the Chief Restructure Officer of
19 the Debtor. On video, we should have the lead bankruptcy
20 counsel for the Debtor, Ray Battaglia, as well as I've asked
21 at least until the settlement's worked out, Andino Reynal
22 from the Reynal Law Firm, the Special Counsel Number 2, and
23 then Mr. Norm Pattis from the Pattis Law Firm, Special
24 Counsel Number 1, and again, so those two also should be in
25 case you have questions for them, Your Honor.

1 THE COURT: Okay. Thank you.

2 MR. MOSHENBERG: Good morning, Your Honor, Avi
3 Moshenberg on behalf of the Texas Plaintiffs. Also Marty
4 Brimmage is here with us.

5 THE COURT: Good afternoon.

6 MR. MOSHENBERG: And I think Jarrod Martin should
7 be listening by phone, as well.

8 THE COURT: Okay. Thank you.

9 MR. WILLIAMS: Good afternoon, Your Honor, Randy
10 Williams for the Connecticut Plaintiffs.

11 THE COURT: Good afternoon, Mr. Williams. Good to
12 see you.

13 MR. NGUYEN: Good morning, Your Honor, Ha Nguyen
14 for the US Trustee.

15 THE COURT: Good afternoon, Mr. Nguyen. Okay.
16 Let me just open it up and see who wishes to make an
17 appearance.

18 MS. HASELDEN: Good afternoon, Your Honor.

19 THE COURT: Oh, Ms. Haselden.

20 MS. HASELDEN: Oh I'm sorry, Melissa Haselden.

21 THE COURT: I apologize, no, no. Please.

22 MS. HASELDEN: Subchapter 5 Trustee.

23 THE COURT: Subchapter 5 Trustee. Good afternoon.
24 I apologize. I was sort of starring at the screen and
25 didn't stop to look up. So I apologize. Thank you. Good

1 to see you. Okay. Mr. Battaglia, I see you there. I will
2 consider you have already kind of made an appearance on
3 behalf, with Mr. Lee, so --

4 MR. BATTAGLIA: Thank you, Your Honor.

5 THE COURT: Who else wishes to make appearance?

6 MS. STERLING: Good -- good afternoon, Your Honor.
7 I'm trying to (indiscernible).

8 THE COURT: Good afternoon, Ms. Sterling. Okay.
9 Mr. Lemmon?

10 MR. LEMMON: Yes, Your Honor, I apologize I'm
11 having trouble with my desktop microphone. Steve Lemmon for
12 PQPR.

13 THE COURT: Good afternoon. Anyone else?
14 Alrighty, Mr. Lee, I'll turn it over to you, sir.

15 MR. LEE: Thank you, Your Honor. As I reported to
16 the Court and the other parties about 7:00 this morning, we
17 have resolution with respect to all three matters that you
18 indicated at the beginning of the hearing. So, what I was
19 hoping to do was to basically present those to you in the
20 form of proffers to the attorneys on presentation by the
21 lawyers, and to the extent that you need more evidence
22 afterwards, we can do that. And so I will start off with
23 the major agreement, which is the agreement on the emergency
24 motion in the stay, ECF 15, which has been resolved by
25 Agreed Order ECF 112.

1 THE COURT: Okay.

2 MR. LEE: That project was handled by Mr.
3 Battaglia as well as Ms. Sterling and Mr. Ryan Chapple. So
4 with respect to that agreement at ECF 112, which
5 memorializes that understanding, I'm going to turn the forum
6 over to Mr. Battaglia and Ms. Sterling and Mr. Chapple to
7 let them explain that to you and walk you through the agreed
8 order.

9 THE COURT: Okay. Thank you. Before you begin,
10 Mr. Battaglia, again, I'm going to ask everyone to take a
11 look at your phone and put it on mute. We're about one
12 second away from me muting the entire line, folks having to
13 hit five star and I'm really trying to avoid doing that,
14 it's just to have some attorneys on the phone and it makes
15 it a little bit easier. So Mr. Battaglia, let me turn
16 things over to you, sir.

17 MR. BATTAGLIA: Yes, thank you, Your Honor, Ray
18 Battaglia for Free Speech Systems. The order -- proposed
19 agreed order lifting the stay has been uploaded to the Court
20 last night. It was negotiated pretty heavily between the
21 Connecticut Plaintiff's Counsel, Ms. Sterling, the
22 litigation Counsel, Mr. Patterson's office, Mr. Jones'
23 Counsel, with respect to one particular paragraph; and
24 essentially what the order provides is that it modifies the
25 stay, just in the same fashion that we did with respect to

1 the Texas Plaintiffs to allow the case to go forward and be
2 litigated judgment. It accommodates some matters that are
3 important for the estate to be able to retain counsel.
4 We've reached agreement with respect to and with the
5 Connecticut Plaintiffs about the retention and payment of
6 counsel, obviously subject to the retention and subject to
7 further agreements with the US Trustee's office, which Mr.
8 Nguyen will announce shortly. It provides for the payment
9 of the Debtor's witnesses to attend the trial. There are
10 certain witnesses that the Connecticut Plaintiffs wish to
11 appear and we have indicated that we do not oppose their
12 appearance, that we will not interfere with their
13 appearance, and we will provide for payments, should they go
14 per diem and other expenses. But unfortunately we have no
15 ability to compel an individual to show up for trial. It's
16 also in the agreement about Mr. Jones and the extent of his
17 subpoena. I'm not sure it's helpful to go through each and
18 every paragraph, but that's generally what it does. It
19 facilitates the trial to go forward through judgment.

20 THE COURT: Okay. And I have had the opportunity
21 to --

22 MR. BATTAGLIA: And I'm happy to answer any
23 questions to allow Ms. Sterling.

24 THE COURT: Okay. Ms. Sterling, I -- and just so
25 everybody knows, I did have an opportunity to read the

1 proposed order at 112. So if that's the order that we're
2 talking about, that's -- I -- I have had an opportunity to
3 read it. So Ms. Sterling, I'll turn it over to you.

4 MS. STERLING: Thank you, Your Honor. Thank you.
5 Can you hear me okay?

6 THE COURT: Just fine.

7 MS. STERLING: I don't have a lot to echo to Mr.
8 Battaglia's presentation. There are some terms that are in
9 the proposed order (indiscernible) --

10 THE COURT: Ms. Sterling you -- Ms. Sterling,
11 you're breaking up. Is it possible for you to just pick up
12 the phone? That's completely fine with me.

13 MS. STERLING: Yes, Your Honor. Is that better?

14 MR. LEE: That's much better.

15 THE COURT: Much better, thank you.

16 MS. STERLING: Okay. Okay. I'm so glad and thank
17 you for saying something. But so there are some provisions
18 in the agreement with respect to the -- with respect to the
19 acceptance of the jurors from the Connecticut trial and some
20 other aspects of the agreement that are denied to enable
21 Free Speech Systems to join the -- join the case at it
22 progresses so that we can commence evidence on September
23 13th, as scheduled, and beyond that, I don't have a lot of
24 comments, I mean, the order speaks for itself.

25 THE COURT: Yeah. I understood the Order and I

1 appreciate the comments. Is the stay would lift and then
2 allow the -- essentially it sounds like something has
3 already started and this would help facilitate kind of
4 continuing with that trial without major disruption as to
5 another FSS coming when a process has already started. So I
6 -- I've read the order and understand what's happening and I
7 think it's smart and it makes a lot of sense to me. So I
8 have had an opportunity to read it.

9 Look, I know that this is -- for the bankruptcy
10 people, this is extraordinary relief in the first 30 days of
11 a case, and I know a lot of hard work went into that and I
12 appreciate all the professionals working really hard. It's
13 easy to read a document. What's not easy is to know how
14 much hard work went behind it. This was heavily contested,
15 so the fact that the parties have reached agreement on this,
16 I want to thank all the professionals. And I understand
17 that we still have some applications to cover, but just the
18 fact that we're here, certainly parties are at least talking
19 and I very much appreciate that.

20 Does anyone else wish to be hear in connection
21 with the motion to lift the stay? Okay. I just had one
22 quick comment and that is its non-substantive, but I, my law
23 clerk has an eagle eye and she caught something here. It's
24 on Page 5 of 6 and this is minor, it says, the last sentence
25 says subject to the approval and retention of State Court

1 trial counsel by FSS, by the Bankruptcy Court, which order
2 is being sought on an emergency by separate -- I believe
3 it's applications should be there instead of motion, but I
4 can make that tweak, it's non-substantive. You all okay
5 with that?

6 MR. LEE: Yes, Your Honor.

7 THE COURT: Okay.

8 MR. BATTAGLIA: Yes, Your Honor.

9 THE COURT: Okay. Well, I have reviewed the
10 order, the parties have reached a settlement on this. This
11 will help facilitate the trial in Connecticut. I'll sign
12 this order today. Folks can give notice to the Connecticut
13 State Court. This, to me, resolves any issues with respect
14 to the application of the automatic stay in that case. So I
15 think this order makes a lot of sense and I will sign it. I
16 would note, just for the record, that the order allows the
17 litigation to continue to final judgement, including any
18 appeals, but any enforcement of that order with respect to
19 FSS is stayed. So I just want everybody to be clear and by
20 that I mean folks have to come to this Court. I just wanted
21 that to be really clear. Any enforcement actions would need
22 to come back to this Court, but this certainly facilitate
23 that to occur, so -- okay. I have approved, I believe the
24 Connecticut Plaintiffs have satisfied their duty at
25 requisite cause and there's agreement on the record on that

1 and I will sign the order at 1:12, so let's -- where do we
2 go next?

3 MR. LEE: Thank you, Your Honor, the next matter
4 will be the Pattis and Smith Application at ECF 93.

5 THE COURT: Okay.

6 MR. LEE: When we filed that initial application
7 as ECF 93, it sought to retain Pattis and Smith on a fixed
8 fee basis at \$100,000 a month, starting at August 1, 2022,
9 for -- through the trial period.

10 THE COURT: Um-hum.

11 MR. LEE: We had objections and discussions
12 regarding the duration of that as well as the payment of
13 that firm and as a result of negotiations and agreements, we
14 have reached resolution, whereby the following will take
15 place. Number 1, the Pattis Firm will be retained, pursuant
16 to the engagement agreement as was set forth, modified by
17 the following: A) Mr. Jones, Alex Jones, will bear 40
18 percent of the \$300,000 fee associated with the Pattis
19 retention, and he will cover the first \$100,000 fee which is
20 associate with the August payment, and then the -- so we'll
21 cover him, except he covered \$60,000 of our first month. So
22 for September we will pay the \$100,000, which makes up for
23 some of that for his \$40,000 and for October, we will pay
24 \$80,000 and he'll pay \$20,000 which will then make up for
25 the entire 40/60 formula.

1 THE COURT: Okay.

2 MR. LEE: Mr. Ha has some comments with respect to
3 the language and the efforts to the process by which we may
4 need him more after the three months because there may be
5 additional activity and he made me take out some language
6 which I put in regarding the method. Now it comes down to
7 if the Debtor needs Pattis and Smith after October 30th,
8 '22, it's incumbent upon us to come to you and ask for that
9 extension. So the order that's been uplifted as to Pattis
10 and Smith 93 is Document Number 115, and that --

11 THE COURT: Um-hum.

12 MR. LEE: -- and reflects --

13 THE COURT: Do you know what just happened? Keep
14 going.

15 MR. LEE: That reflects the agreement that I've
16 reached with Mr. Ha, this morning, and has all the language
17 changes --

18 THE COURT: Mr. Battaglia can you hear us? Put
19 your hand out if you can hear us? Okay. Perfect,

20 MR. BATTAGLIA: Yes, Your Honor, I can hear.

21 THE COURT: Thank you. Please continue.

22 MR. LEE: -- that he has requested. So in
23 conjunction with that, I would ask the Court to take notice
24 of Docket Number 99, which is a Notice of this hearing, as
25 well as Docket Number 109, which is a witness and exhibit

1 list which has all of the agreements attached to it and asks
2 that to be admitted into evidence. And one of the reasons
3 we had to file an amended disclosure for both of that was
4 because of an error that I made, which is that it recited
5 that they hadn't represented anyone on Schedule I and the
6 Schedule I contained Mr. Jones.

7 THE COURT: Keep going.

8 MR. LEE: So I'd ask the Court to take Judicial
9 notice of 109, 99, admit the exhibits in 109, and approve
10 the order set out and uploaded this morning at 115 for
11 Pattis and Smith, Your Honor.

12 THE COURT: Okay. Let me just turn to the United
13 States Trustee, Mr. Nguyen?

14 MR. NGUYEN: Ha for the US Trustee. Mr. Lee is
15 correct that we did come to an agreement. We worked over
16 the weekend to make sure that we've addressed, Your Honor's
17 concern of whether FSS gets its fair share.

18 THE COURT: Um-hum.

19 MR. NGUYEN: We believe the 40/60 from Mr. Pattis'
20 application is appropriate within the month of August and
21 there was some dispute between whether services was provided
22 to FSS. So given all the changes that Mr. Lee made to the
23 order this morning, we have an agreement on the retention of
24 Mr. Pattis for his representation of FSS in the Connecticut
25 litigation.

1 THE COURT: Okay. Does anyone else wish to be
2 heard in connection with the Pattis and Smith application?
3 Okay. All right, folks, again we're about -- all right.
4 You want to -- can you mute the line? Okay, folks want to
5 talk, you have to hit five star.

6 I will note that for the record, it was an
7 emergency application to employ Pattis and Smith under
8 Section 327 E and 328 E, special counsel to the Debtor.
9 I'll note a couple of things just for the record. The order
10 says nun pro tunc to August 1st. I know that -- that's a
11 touchy word. I think we're all meaning effective as?

12 MR. LEE: Yes, Your Honor.

13 MR. NGUYEN: Yes, Your Honor.

14 THE COURT: Okay. Just -- just for the record is
15 clear, as a matter of fact, I'm going to change it to
16 effective as, just so we're all on the same page. I believe
17 it's in the best interest of the estate. I believe that the
18 Debtor have established the need for counsel in light of the
19 motion to -- the agreed order lifting the automatic stay. I
20 appreciate the work of the United States Trustee here and
21 all the parties involved. I believe the terms are fair and
22 reasonable under the circumstances. And quite frankly, Mr.
23 Pattis needs to get out there right away, and so it's
24 important that we took this up on an emergency basis, so I'm
25 approving emergency consideration of this application and I

1 will approve the order at 115. Again, I just have a couple
2 of just a minor, minor, two minor comments. One is I'm
3 going to change a nun pro tunc to effective as, just to
4 avoid any confusion as to that.

5 MR. LEE: Yes, Your Honor.

6 THE COURT: Footnote one, refers to ECF Numbers 17
7 and 78, I believe it's 15 and 78 to be consistent with the
8 motion.

9 MR. LEE: Yes, Your Honor.

10 THE COURT: And then on let's see, Paragraph 1 and
11 someone can tell me I'm wrong, but I believe we're right on
12 this, it says under the terms and conditions set forth in
13 the application, the engagement letter attached to the
14 application as Exhibit B, it's Exhibit A. Minor change. I
15 can --

16 MR. LEE: Thank you.

17 THE COURT: I can -- I can make that change.

18 MR. LEE: Thank you, Your Honor, I appreciate
19 that.

20 THE COURT: Okay? And with that, those two
21 tweaks, I will sign the order. I did -- do appreciate the
22 work and I appreciate the revision. I think it makes a lot
23 of sense and I appreciate the work of the United States
24 Trustee in that effort as well as Debtor's counsel for
25 hearing me out. So, that takes us to Mr. Reynal and the

1 Reynal Law Firm, I should say.

2 MR. LEE: Thank you, Your Honor. With respect to
3 ECF -- Mr. -- the Reynal Law firm application, which is ECF
4 94. At the time we filed that application, Your Honor, it
5 contemplated the retention of the Reynal firm. Just as a
6 way of background, that is the firm that represented the
7 Debtor, FSS in connection with the Travis County lawsuit
8 that just went to trial, and we need Mr. -- the Reynal Firm
9 to do really two things that we can define as "Matters" in
10 the application. And that has to do with the work related
11 to the Texas litigation, the Sandy Hook Texas litigation, as
12 well as assisting Mr. Pattis in Connecticut and as you will
13 note in the lift stay of order, there are certain provisions
14 regarding Mr. Reynal, specifically relating to Paragraph 9
15 where he would be assisting Mr. Pattis but in a non-
16 appearing counsel role and other means that we have made,
17 and that's the basis for the emergency here. As a result of
18 negotiations over the weekend with the US Trustee, we have
19 also reached an agreement whereby the firm, the Reynal Firm,
20 and the Debtor and the US Trustee have agreed that Alex
21 Jones, again, will pick up 50 percent of the fees to be
22 earned by the Reynal Firm. So the way we drafted it for the
23 order is that the State will be responsible for 50 percent
24 of the now fees and expenses of the Renal firm at their
25 hourly rates. We are going back again to July 29th '22. In

1 this case the petition date, and the order that I've
2 uplifted this morning reflects that agreement that we've
3 reached with the United States Trustee and the corrections
4 that we've made, and again, you'll notice the same
5 corrections have to be made as to nun pro tunc and as well
6 as I believe the footnote one.

7 THE COURT: Um-hum. Okay. And does anyone else
8 wish to be heard in connection with the Reynal Firm
9 retention.

10 MR. NGUYEN: Yeah Ha Nguyen, for the US Trustee.
11 We did come to an agreement on the Reynal application. It's
12 50/50 and this is not a 320A application, so there's going
13 to be a fee application, so once Mr. Reynal file his
14 application we're going to be doing our work and taking a
15 look at the application under Section 230. It is my
16 understanding it's whatever you allowed under the fee
17 application; Mr. Jones would be responsible for 50 percent
18 of the allowed fees.

19 THE COURT: Okay.

20 MR. LEE: That's correct.

21 THE COURT: Okay. Thank you.

22 MR. NGUYEN: Thank you, Your Honor.

23 THE COURT: Anyone else wish to be heard and if
24 you do want to be heard, you're going to need to hit five
25 star, so we can recognize you. Okay. Before the Court is

1 an application to employ the Reynal Law firm, again, I'm
2 going to grant emergency consideration of the application
3 based on the statements and the revised fee structure that
4 is set forth for the Reynal Law Firm, I believe, certainly
5 satisfies the standard under Section 327E. Mr. Reynal will
6 be filing fee applications found under Sections 330, so and
7 based on the agreement that Mr. Jones will -- the agreement
8 for Mr. Jones to cover a portion of the fees, that fee
9 structure, I believe it's appropriate under the
10 circumstances, I'm going to approve the Reynal Law Firm
11 retention. I will make the same changes including the
12 Exhibit A, changing those minor, they're non-substantive and
13 they will not affect the relief requested there, so I'm
14 going to sign these three orders and I sign that today. It
15 is my understanding, Mr. Lee, that once I sign these three
16 order, effectively the agreement within the order lifting
17 the stay goes into effect and the Connecticut State Court
18 can take comfort that the trial -- that the automatic stay
19 is lifted to allow that trial to proceed.

20 MR. LEE: That is correct, Your Honor.

21 THE COURT: Okay.

22 MR. LEE: And the only issue that I have with
23 respect to the A and B is I just want to take one second to
24 see if I did it correctly, and the reason why is --

25 THE COURT: If you're looking for the --

1 MR. LEE: It's Exhibit A. That's correct, Your
2 Honor. I -- because there was an engagement agreement that
3 was appended to the Reynal --

4 THE COURT: Yep,

5 MR. LEE: -- Law Firm, and I just wanted to make
6 sure it wasn't referencing that, but it was the engagement
7 agreement that we had with the Reynal Firm post-petition.

8 THE COURT: Okay. No.

9 MR. LEE: That is correct, Your Honor.

10 THE COURT: I very much appreciate it. So, that's
11 my understanding and that once I sign these orders, and I'll
12 get them signed on the docket within the hour that we're
13 done, they'll hit the docket. My understanding is the stay
14 is now -- will then be lifted for all purposes in terms of
15 having the trial in Connecticut, FSS will be a full
16 participant in that trial.

17 MR. LEE: And they're waiting for you to do that
18 so they can start the race.

19 THE COURT: Okay. All righty. Well, that -- that
20 takes us there. (Indiscernible) can you unmute the line, I
21 suspect folks are going to want to have a thought, and
22 again, everyone please put your phone on mute. There was
23 another motion filed and should we pick a date for that?

24 MR. LEE: To argue that motion -- as to that
25 motion?

1 THE COURT: Well no, here's what I'm going to do.
2 I don't want to take the motion -- well, let me back up for
3 a second. There was an expedited motion filed by the
4 Plaintiffs to appoint a committee and to remove the Debtor
5 as the Debtor in possession. It requested expedited
6 consideration because the cash collateral -- there's a
7 hearing currently set for cash collateral on September 13th
8 and they wanted to have it heard at the same time. I
9 believe full notice is required for such a important motion.
10 So I'm going to deny emergency consideration of this, but
11 I'm going to give the Debtors two options. I can hear this
12 on September 20th, which is a week after, and if the parties
13 want to, you can agree to hold cash collateral, I'm sure the
14 parties can agree on a one week extension of the cash
15 collateral so that it doesn't blow the budget. I think you
16 all can agree to a week and maybe put Mr. Schwartz up once,
17 or you can come back and hold it, Mr. Schwartz will get up
18 the second time if that's what he has to do. I'm going to
19 leave it up to the Debtors as to what you want to do. If
20 you all can get agreement on the cash collateral extension
21 for one week, I'm happy to hear them both at the same time
22 and I'll sign that order. If you want a -- something more -
23 - you want to hold a hearing on the 13th on cash collateral
24 and then the substantive motion on the 20th, I'll do that.
25 But that'll give you full notice -- a full notice period.

1 You all just let me know what you want to do. All righty?

2 MR. LEE: Are those the only two options we have,
3 Your Honor?

4 THE COURT: Unless you -- no, I'm open for others,
5 I'm just -- I just know there's got to be full notice on
6 that. But I can hold that hearing on the 20th unless
7 somebody tells me otherwise and we can start at 1 p.m.,
8 unless you all want to agree on another date, I'm just
9 saying that's the earliest that I could hear it, to make
10 sure that the -- that the Debtor gets full notice. So you
11 all can just give it some thought, but you all can come up
12 with, you know, everybody knows you reach out to my case
13 manager, she can get you a date. But I don't want to wait a
14 long time on this, so I don't want this getting pushed into,
15 you know, late October or early or mid-October. I want it
16 dealt with right away because there's some serious
17 allegations in there and we have to find out what's going
18 on. Okay?

19 MR. LEE: We'll confer internally and also discuss
20 it with both the Connecticut and Texas Plaintiffs.

21 THE COURT: Okay. Okay. Let me just hear from
22 the Connecticut and Texas plaintiffs, are you all okay with
23 that? I just want to -- I -- it won't be the 13th, but you
24 can get the 20th, if that's what you want. The soonest,
25 which is just a week after. It's a really important motion

1 and I -- there's a lot of moving pieces today with the
2 lifting of the stay and I want to make sure that the Debtor
3 gets every opportunity, because the request is, is serious,
4 and I'm going to take it seriously.

5 MR. MOSHENBERG: I appreciate, Your Honor, and we
6 are very serious (indiscernible) in the relief that we
7 sought. Given, we were very careful with the facts of law
8 before we requested that relief.

9 THE COURT: Um-hum.

10 MR. MOSHENBERG: So we agree with you about how
11 serious it is. Are we open to the 20th? I want to check
12 without counsel, I think that --

13 THE COURT: I was just giving you a date. Don't
14 hold me to the 20th. I'm not going to lock it in, I want
15 you all to talk, but that would be the soonest.

16 MR. MOSHENBERG: Right and I think -- I think the
17 issue is are we okay with doing an interim cash collateral
18 order to get us to have the hearing both at the same time?

19 THE COURT: Yeah, I'm completely fine with that
20 and I think there's a way to do it and I don't want -- I
21 think we're done with the large PQPR payments in terms of
22 what I would call the repayment.

23 MR. MOSHENBERG: Right.

24 THE COURT: And there -- there's a way to extend
25 the budget where it makes sense and you just kick it out for

1 a week, on the appropriate week and Mr. Schwartz would know
2 what week it coincides so it doesn't, you know if there's a
3 payroll week, obviously the payroll would get paid, that
4 kind of stuff to kick it out a week, make sure, you know on
5 the same terms and conditions as on the interim, you know,
6 something that makes sense. I think we can do that.

7 MR. MOSHENBERG: Yeah, I think that makes total
8 sense for the Texas Plaintiffs vantage point. The one thing
9 I want to caution against is I think we should have the cash
10 collateral final hearing at the same time as the motion on
11 the --

12 THE COURT: Well, I'm going to let Mr. Schwartz
13 figure out if he wants to get up once or twice. I'm going
14 to let them talk about it --

15 MR. MOSHENBERG: Okay.

16 THE COURT: -- because I suspect he will have to
17 get up both times, though if it's -- I agree, from a
18 practical standpoint, it makes sense, but it's --

19 MR. MOSHENBERG: And there's --

20 THE COURT: -- the Debtors motion on cash
21 collateral, it's your motion on for the relief that you're
22 requesting. Technically not two sides are asking for it, so
23 everybody kind of gets their own day.

24 MR. MOSHENBERG: Okay.

25 THE COURT: All right?

1 MR. WILLIAMS: Your Honor, Randy Williams for the
2 Connecticut Plaintiffs --

3 THE COURT: Yes, sir.

4 MR. WILLIAMS: Hear you loud and clear. We had
5 already been considering if we could get them together to
6 have an extension. I mean, after they confer, I'm sure
7 we'll be in touch and we can --

8 THE COURT: Yeah.

9 MR. WILLIAMS: -- we'll try and get it worked out.

10 THE COURT: And I will tell you if it's just
11 pushing it out a week or two on the same terms and
12 conditions as it was there, obviously not the -- I think
13 we're -- you know which payments I'm talking about, Mr.
14 Schwartz, the 250 and the -- none of that. But we can --
15 you can push it out in a way and I'll sign the order. If
16 there's agreement among the parties so that it makes sense.
17 I'll leave that up to the parties. But I'm willing to sign
18 that order and I don't think we need a hearing for it, if
19 that's what the parties can agree on. Okay?

20 MR. LEE: Your Honor, I would just raise issue
21 it's unlikely to happen in this case, but what happens if
22 the parties have a --

23 THE COURT: Mute the lines. Sorry folks. Go ahead.

24 MR. LEE: What would you like for us to do in the
25 event there's a impasse between the parties? Do you want us

1 to come to the Court or --

2 THE COURT: If there is an impasse between the
3 parties on the proposed date?

4 MR. LEE: Yes, Your Honor.

5 THE COURT: Then you're leaving it up to me. I'm
6 just telling everyone now.

7 MR. LEE: Okay.

8 THE COURT: Ms. Saldano pick a date and then we'll
9 go forward on --

10 MR. LEE: Thank you, Your Honor.

11 THE COURT: Honestly, if there's an impasse, on an
12 extended date then cash collateral's already set for the
13 13th. The question is --

14 MR. LEE: Right. Right.

15 THE COURT: -- that going to get pushed to another
16 date? And if there's another date that the parties can't
17 agree upon, yeah --

18 MR. LEE: Is that the cash collateral that we're
19 concerned about, it's the date for the hearing on the Tort
20 Committee motion.

21 THE COURT: Yeah.

22 MR. LEE: We cannot agree on that date.

23 THE COURT: You know look, I will -- I will tell
24 everyone that I'm just looking at my calendar now. All
25 right, in my mind it will be the 20th or the 27th. I mean,

1 it'll be in September. Late September at that point and you
2 all can figure that out. Okay? But I want to make sure
3 that a minimum, you have due notice -- due process and
4 notice and an opportunity to get your story out, and I don't
5 want that done on an expedited basis.

6 MR. LEE: Thank you, Your Honor.

7 THE COURT: Okay? So you all can agree to that if
8 you can. If not, then we'd all -- it's -- it's not a
9 problem for the Court. The Court will be here on the 13th.
10 The Court will be here on the 20th or the 27th. I'll let
11 you all work it out and I know Mr. Schwartz, you're going to
12 have to confer, figure out what witnesses you're going to
13 want to appear, and I think you should have an opportunity
14 to think about that, but not today.

15 MR. SCHWARTZ: Thank you, Your Honor, appreciate
16 that.

17 THE COURT: Okay? So, yeah, if we do it, we're
18 going to -- it will be the 20th or the 27th, in the
19 afternoon, both days and we will start and then we'll finish
20 when we're finished.

21 MR. NGUYEN: Your Honor, we're going to be back on
22 the 20th anyway because we have the September five status
23 hearing and that was set for September 20th for
24 (indiscernible) FSS.

25 THE COURT: Got it. Got it. Okay. We'll I'll

1 let you all -- you needed to hear that from me, and so I
2 think it's unfair for me to set a date today without having
3 everyone have a opportunity to huddle up and have that
4 conversation.

5 I would ask, and again, I won't know. I really
6 won't, if there is, just like someone did with the Texas or
7 whenever that trial is over, if there's some order of, you
8 know, kind of judgement or something in the jury, I just
9 want to know that it's over. Just so I know that that stage
10 has concluded. If someone could file something on the
11 docket, that would just be very helpful to me. I don't need
12 a blow by blow; I need it ended. That kind of -- that kind
13 of stuff, okay? Anything else we need to talk about today?

14 MR. LEE: No, Your Honor, on the Debtor's part,

15 THE COURT: Mr. Lee, the other thing we have and
16 we don't need to pick a date right now, but I do think we
17 need, at some point, within one of these dates, we have the
18 Schwartz and -- and the Debtor's professionals applications
19 to take up and we got to just take that up and we can pick a
20 date on that as well, but we don't need to do it right now.
21 I just want to keep it on the radar, but while everybody's
22 talking date, maybe we can all agree and see what makes the
23 most sense.

24 MR. LEE: Music to my ears, Your Honor.

25 THE COURT: Okay? All righty. And I want to make

1 sure whatever date that the parties pick, it's still
2 important to me the US Trustee be here, Subchapter V Trustee
3 be here for those dates, so whatever date, if you all can
4 just loop them in, I want to make sure that they have an
5 opportunity to be here and to participate in whatever manner
6 they so choose. And I would note in one of the
7 applications, this is probably more information, there's a
8 reservation of rights if someone has to come back to the
9 Court if someone has to come back to ask for an extension.
10 Everybody's rights are reserved obviously if somebody needs
11 to come back after October, US Trustee's right, Subchapter V
12 Trustees, everybody's rights are reserved for things that
13 are not in there but sounds like today was -- all right.

14 Sounds like there's going to be a trial in
15 Connecticut and I appreciate everybody's hard work, and I
16 will see everyone at maybe the 13th, maybe the 20th, maybe
17 the 27th. You all let me know. Thank you.

18 MR. LEE: Thank you, Your Honor.

19 OFFICER: All rise.

20 (Proceedings adjourned at 1:35 p.m.)

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CERTIFICATION

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I certify that the foregoing is a correct transcript from
the electronic sound recording of the proceedings in the
above-entitled matter.

A handwritten signature in black ink that reads "Sonya M. Ledanski Hyde". The signature is written in a cursive, flowing style.

Sonya Ledanski Hyde

Veritext Legal Solutions

330 Old Country Road

Suite 300

Mineola, NY 11501

Date: August 31, 2022